

PINE RIDGE NEIGHBORHOOD STUDY, PETERBOROUGH; A COMPARISON OF SCHOOL COSTS vs. SCHOOL TAX REVENUES

PURPOSE

As a complement to the Peterborough Cost of Community Services study, the school costs for a specific town neighborhood were analyzed to give added dimension to the study; and to add to a growing body of information statewide. The town of Chester has analyzed school cost vs. tax revenue for four different town neighborhoods; and many towns have analyzed costs vs. revenues for specific residential developments proposed within their borders.

METHODS

The Pine Ridge neighborhood in North Peterborough was chosen for analysis. The neighborhood has 118 single family homes. In 1995, the year of the study, the average assessed value of Pine Ridge properties was \$125,768. Sixty-two students from Pine Ridge attended Conval schools that year -- or 0.52 children per neighborhood residence. (The town as a whole sent 971 students to district schools.) What follows is a breakdown of school tax revenues vs. school costs:

\$3,827.14 = average residential tax paid per Pine Ridge household

\$2,384.57 = average school tax portion " " "

\$6,678.68 = average cost to educate one Conval District student. Each Pine Ridge household has 0.52 students in the local public schools, therefore

\$3,472.91 = school cost per Pine Ridge household

RESULTS

Each household in the Pine Ridge neighborhood had a **\$1,088.34** shortfall on average when education costs are compared with school tax revenues. Multiplied out times the number of houses in the neighborhood (118), the total annual shortfall becomes **\$128,424.12**.

DISCUSSION

This study's purpose is not to question a community's support for education; nor is it to debate the state's methods for financing education. Of the Town's 1995 assessed tax rate of \$30.43 per thousand, the school portion was \$18.96. Non-school community services required by residential development are many. Nor is this study's intent to turn an unfavorable spotlight on any one neighborhood. A study of towns in Connecticut in 1993-94 found an average annual school cost shortfall per household statewide of \$1,717, considerably above the \$1,088 per household shortfall in the Pine Ridge neighborhood. A study of four neighborhoods in Chester, NH found an annual school shortfall range of \$31,000 to \$218,000 per neighborhood, compared to \$128,000 for Pine Ridge.

This study is intended to add information for the intelligent discussion and planning for population growth within the town. The old conventional wisdom holds that if a town has more residential taxpayers, and land with a higher assessed value (i.e. houselots vs. undeveloped forest or field), taxes will then go down -- or at least hold steady. Analysis of the costs of population growth and real estate development indicates the opposite impact.

Cost of Community Services Study Town of Peterborough, New Hampshire

Sponsored by the Peterborough Conservation Commission and SPACE (State-wide Program of Action to Conserve the Environment)

Winter, 1996-97

Executive Summary

PURPOSE

A Cost of Community Services analysis (COCS) of a town's annual budget gives a clearer picture of the tax implications of certain kinds of development and land use. The COCS format used for this study was developed by the American Farmland Trust in response to the rapid conversion of pastures and cornfields into housing developments. Townspeople who might mourn the loss of the rural landscape could balance that loss with the conventional wisdom that at least the new houses brought new taxpayers and increased property values to help slow or reverse an ever-increasing tax burden. And yet property taxes kept rising along with the tax base and population. COCS analysis offers some explanations for that apparent contradiction.

Many towns in New England have initiated COCS studies, including five in New Hampshire. The Peterborough Conservation Commission welcomed the opportunity to add to this body of information.

METHOD

A Cost of Community Services analysis divides a town's annual budget according to three land use types: RESIDENTIAL, COMMERCIAL/INDUSTRIAL, and OPEN SPACE. For each land use type, revenues generated for the town are compared to the costs involved in servicing that land use type -- services that include police, fire, schools, roads, etc. For example, school costs are assigned to RESIDENTIAL only, but a police department's budget needs to be analyzed closely to apportion expenses between the three land use types. COCS analysis arrives at a ratio based on the dollar: for every revenue dollar generated by each of the three land uses, it determines how much was spent to provide community services to that land use type.

RESULTS

The chart below shows that Peterborough's results fit into the range presented by the other New

Hampshire towns, as well as conforming to the general pattern in other New England states: of the three land use sectors, RESIDENTIAL costs consistently exceed revenues generated; whereas the COMMERCIAL/INDUSTRIAL and OPEN SPACE sectors make a tax profit. In Peterborough, for

every dollar gained by the RESIDENTIAL sector, \$1.08 was spent; whereas for the COMMERCIAL/INDUSTRIAL and OPEN SPACE sectors, only \$0.31 and \$0.54 were spent, respectively.

N.H. COMMUNITY	LAND USE CATEGORY	REVENUE	EXPENDITURE	\$ RATIO
Peterborough 1995	Residential	9,107,925	9,874,851	1 : 1.08
	Commercial/Industrial	2,706,479	835,360	1 : .31
	Open Space	80,482	43,649	1 : .54
Exeter 1996	Residential	18,381,935	19,613,525	1 : 1.07
	Commercial/Industrial	4,108,028	1,654,775	1 : .40
	Open Space	109,588	89,803	1 : .82
Fremont 1994	Residential	3,317,928	3,457,376	1 : 1.04
	Commercial/Industrial	69,798	65,325	1 : .94
	Open Space	19,188	6,835	1 : .36
Deerfield 1994	Residential	4,878,823	5,630,510	1 : 1.15
	Commercial/Industrial	531,547	119,209	1 : .22
	Open Space	57,679	20,155	1 : .35
Dover 1992	Residential	19,317,362	22,124,828	1 : 1.15
	Commercial/Industrial	6,178,059	3,905,609	1 : .63
	Open Space	488,628	457,661	1 : .94
Stratham 1994	Residential	6,939,002	7,957,296	1 : 1.15
	Commercial/Industrial	1,339,275	256,696	1 : .19
	Open Space	20,498	8,132	1 : .40

DISCUSSION

COCS analysis offers a snapshot of sorts -- a look at the current, direct fiscal consequences of certain kinds of land use. It is a tool that has been in use for over 60 years, since the early days of public housing. The analysis helps to explain why property taxes have kept on rising despite a constant increase in property values, taxpayers and the tax base.

COCS analysis, as it dispels the old conventional wisdom that residential development will lower property taxes, is in danger of creating a new conventional wisdom: that Commercial/ Industrial growth should be encouraged instead, for the same reason. However, recent studies of all New Hampshire, Vermont and Connecticut towns by Ad Hoc Associates of Salisbury, VT show that property taxes increase along with a town's Commercial/Industrial sector, as well as with its population and tax base. One obvious part of the explanation is that Commercial/

Industrial development leads to increased residential development. Furthermore, people moving into more rural towns because of a job situation -- not because they seek the rural life -- often arrive with expectations for services available where they used to live. Studies show that taxes rise especially rapidly in towns where both population growth and Commercial/Industrial development are rapid.

Conservation of a town's Open Space becomes even more valuable when seen as a means of moderating the pace of residential and commercial development. New Hampshire's Current Use tax rate, by putting less tax pressure on Open Space lands, helps to slow the conversion of cornfields and forests to houselots or to commerce or industry.

CONCLUSION

Population growth pressure has arrived in southern New Hampshire as elsewhere. A town can't close its borders because growth and development lead to higher taxes and traffic jams, but a town can manage the pace of growth and the placement of growth, and a town can make sure that preservation of Open Space is a strong component of its planning efforts.

COCS analysis can be criticized for not distinguishing between kinds of development -- be it Residential or Commercial/Industrial. In both categories, certain kinds are more tax-positive than others, and their centralized location and pattern can save the town significant costs of community services. Enlightened decisions are not based on tax impact alone. Certain Commercial/Industrial projects might not be tax-favorable in the long run, but they will be of greater benefit to a town if they provide good jobs, if they are locally-owned, if they fit into the local landscape with sensitivity to architecture and the preservation of Open Space. Similarly, considering Open Space only in terms of tax impact ignores the values of drinking water protection, of wildlife habitat, flood control, air quality, recreation, maintaining the rural character of a community, and so on.

As growth and development pressures increase in the region, towns will best be served by informed and engaged citizens, town boards, town officials and local newspapers -- all willing to ask important questions that reach beyond the old assumptions. What are the real costs of growth and development, and how will those costs be met? What is the best land use mix of development and conservation for the town, and how can that mix be achieved or maintained?

A copy of the full study, including detailed methodology, 1995 budget spreadsheets, town profile, and a bibliography is available by sending \$4.00 to Peterborough Conservation Commission, Town House, Peterborough, NH 03458.